

# Creating and Managing an Effective Farm Team

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# Overview and Presentation Objectives

**Objective 1:** Increasing retention rates, maximizing worker morale, and improving employee health.

- Offering benefits
- Offering health coverage
- Improving working conditions

**Objective 2:** Mechanisms to enhance productivity and performance.

- Monetary incentives
- Performance feedback
- Social recognition



# Farmworker Retention

Employer Offering	Effect on Season Tenure	Effect on Return Rates
Increase Piece Rate Wages	+	+
Increase Hourly Base	+	+
Increase Daily Hours	+	+
Offer bonuses	+	+
Avoid Working in Extreme Temperatures	+	?
Offer non-monetary benefits	+	+
Offer training programs	-/+	-/+
Improve workplace equity	+	+





# Farmworker Retention: Monetary vs Other Incentives

Generally, offering higher pay is associated with higher probability of workers returning to the same employer and working more hours in farm work, but there are more effective mechanisms.

## SIMULATED RETURNS TO WAGES AND BENEFITS ON WORKER RETENTION

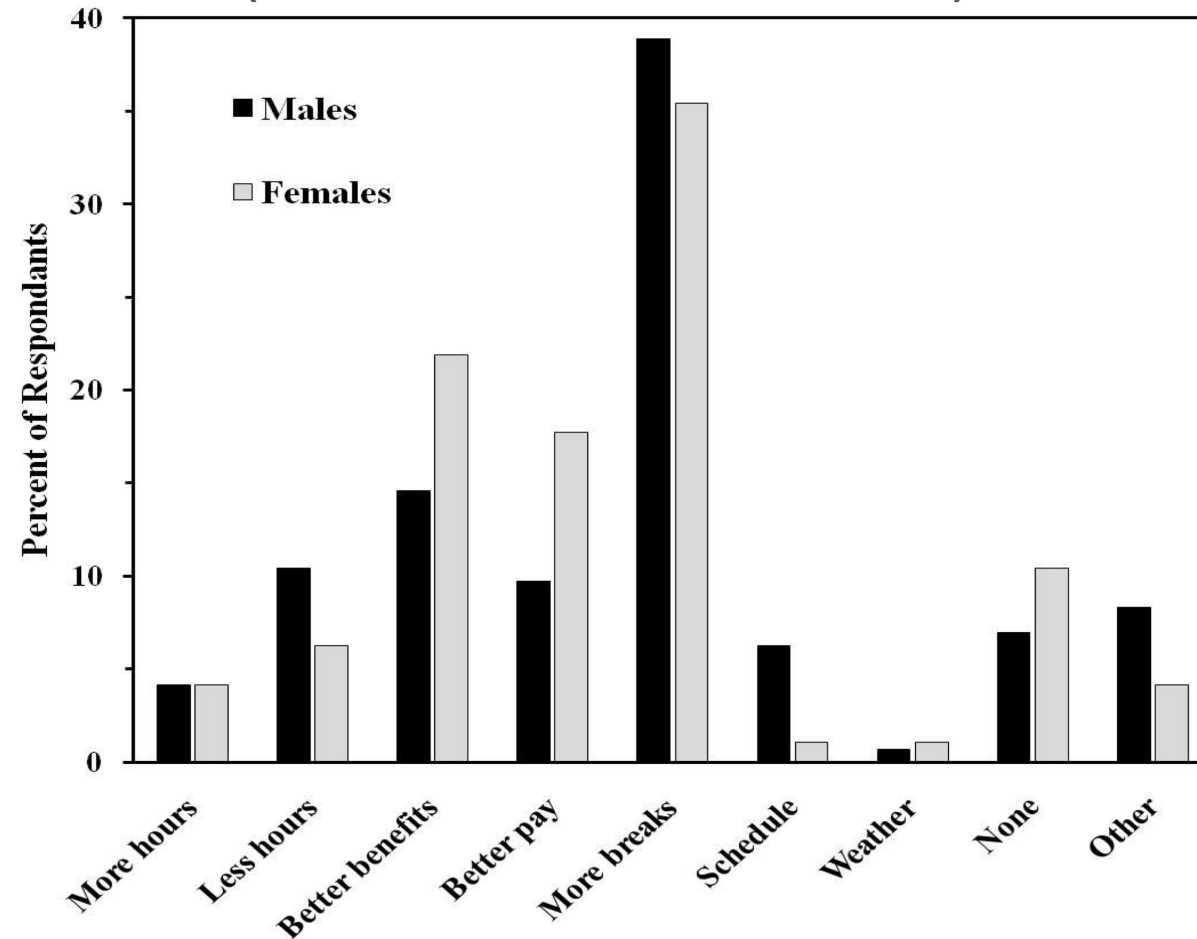
Compensation Package	Additional Monthly Cost Per Worker	Percentage of Workers Who Want to Return
Average wage without benefits	\$0	51
Wages 10 percent above average	\$110	52
Lower wage by 10 percent and provide free housing	\$110	58
Average wage plus health insurance	\$110	69
Average wage plus paid day off	\$110	71
Lower wage by 10 percent, provide health insurance and paid day off	\$110	84

Source: Gabbard & Perloff (1997). The Effects of Pay and Work Conditions on Farmworker Retention. *Industrial Relations* 36(4)



# Farmworker Retention: Monetary vs Other Incentives

Suggestions from surveyed field workers to make work more appealing  
(in Southwestern Arizona, 2009)



Source: Nolte & Fonseca (2010). Vegetable field workers provide insight for improving farm labor retention at the US-Mexican border. *Journal of Agricultural Extension and Rural Development* 2(5): 64-72



# Offering Health Insurance & Improving Working Conditions Consistent Predictors of Increased Desire to Work

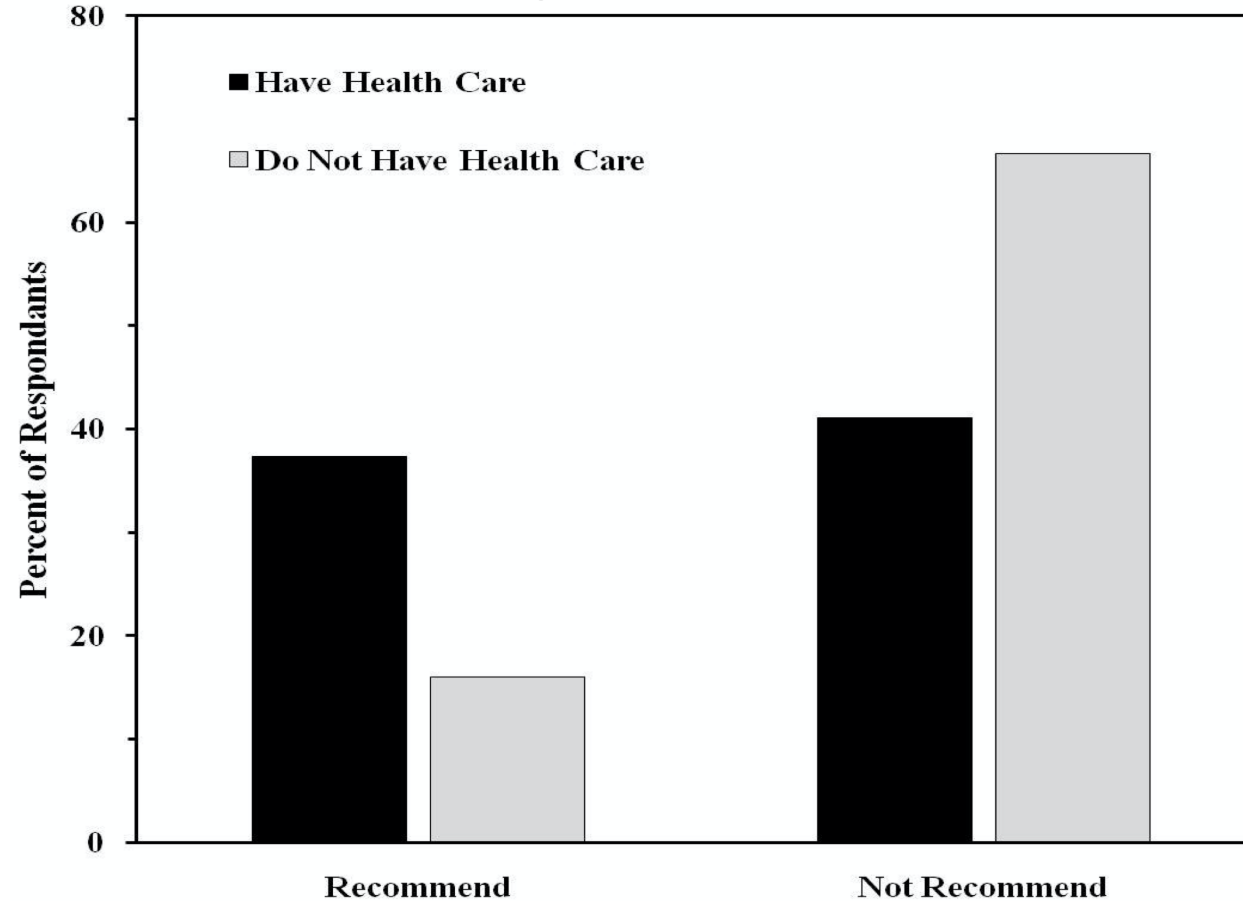
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# Farmworker Retention: Offering Health Insurance

Field worker views on recommending or not recommending field work as a function of having health insurance



Source: Nolte & Fonseca (2010). Vegetable field workers provide insight for improving farm labor retention at the US-Mexican border. *Journal of Agricultural Extension and Rural Development* 2(5): 64-72



# Farmworker Retention: Offering Health Insurance

Employers providing off-farm health coverage associated with more weeks of work



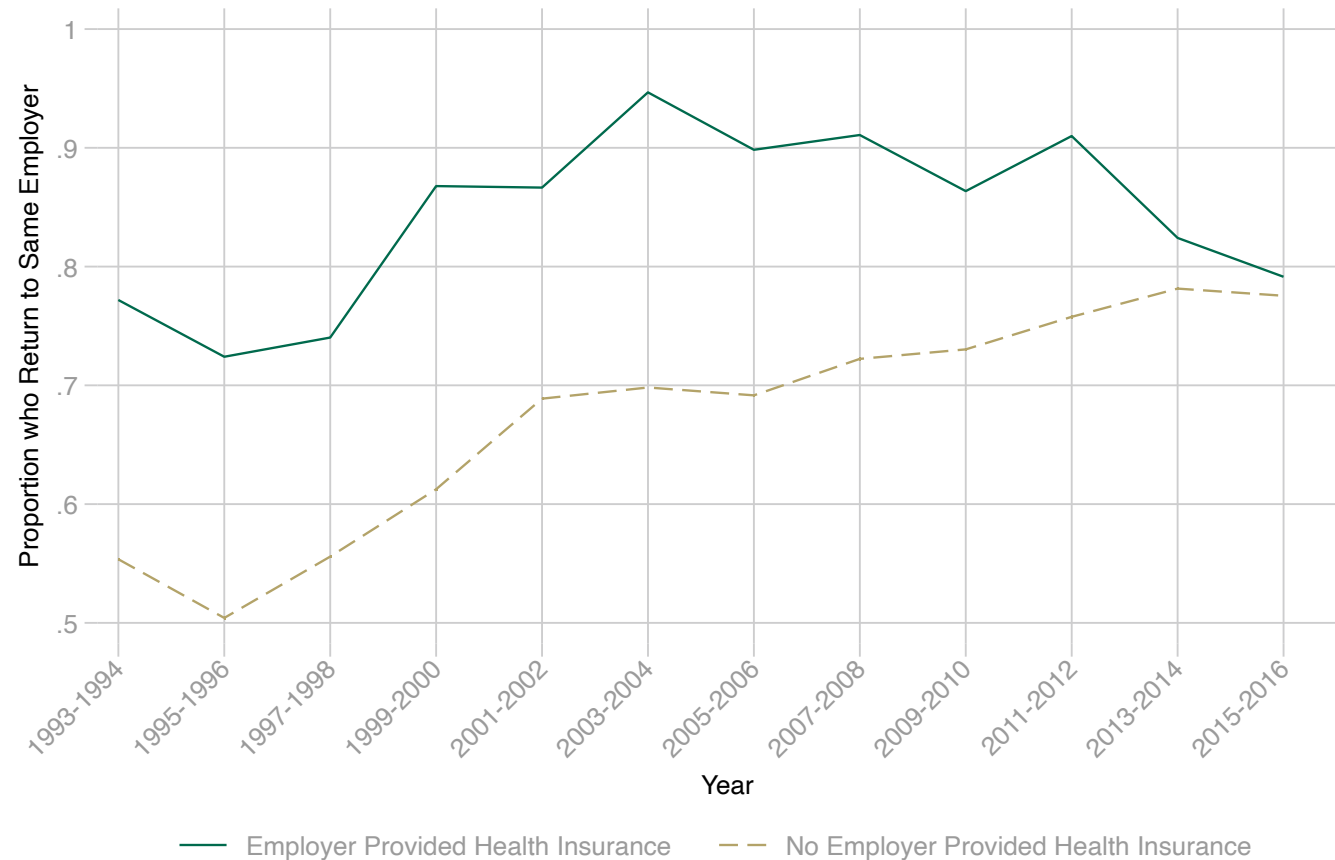
Notes: From my own analysis of the National Agricultural Workers Survey.





# Farmworker Retention: Offering Health Insurance

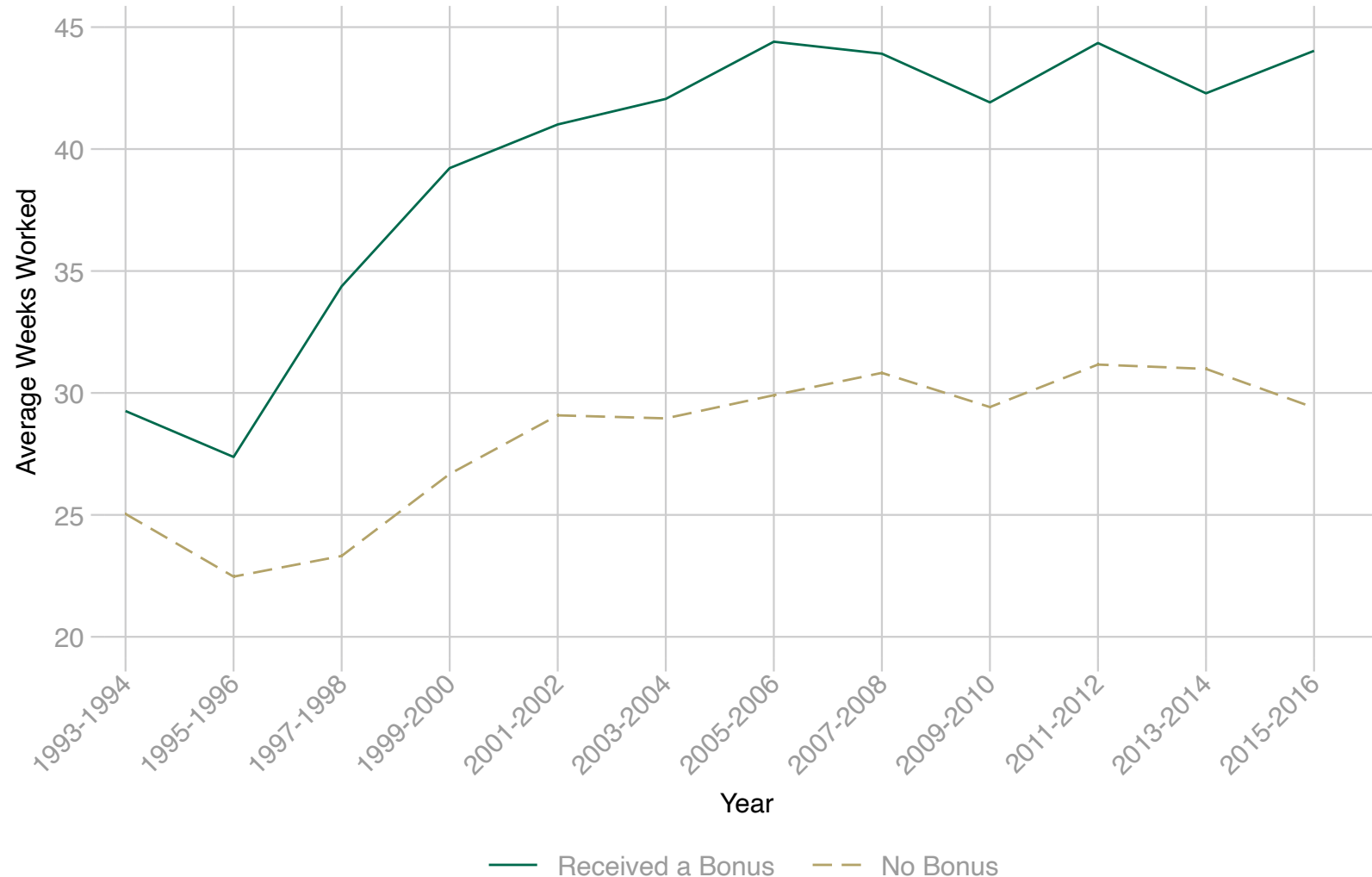
Employers providing off-farm health coverage (historically) associated with higher return rates



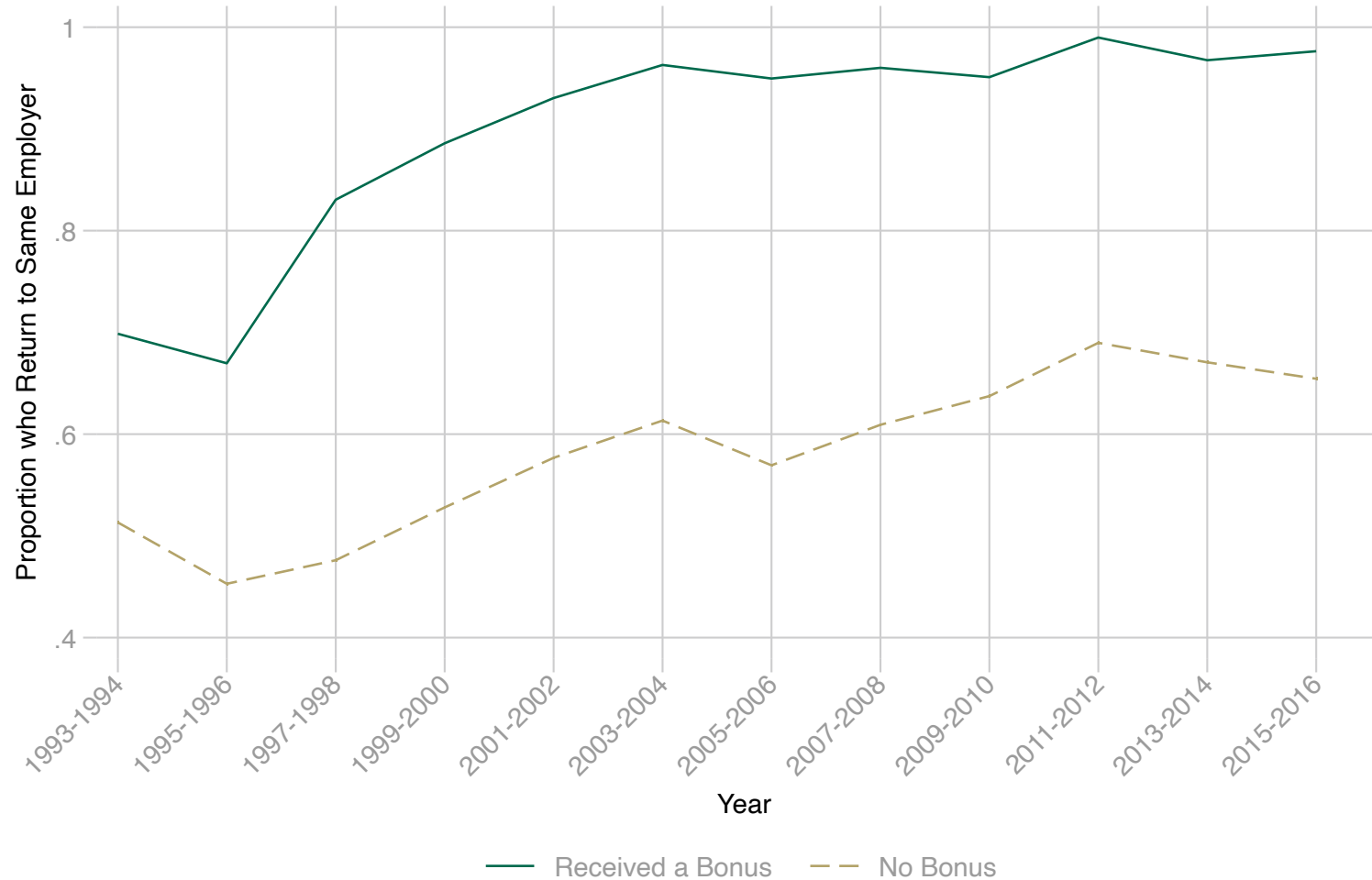
Notes: From my own analysis of the National Agricultural Workers Survey



# Farmworker Retention: Bonuses Associated with More Weeks of Work



# Farmworker Retention: Bonuses Associated with Higher Return Rates

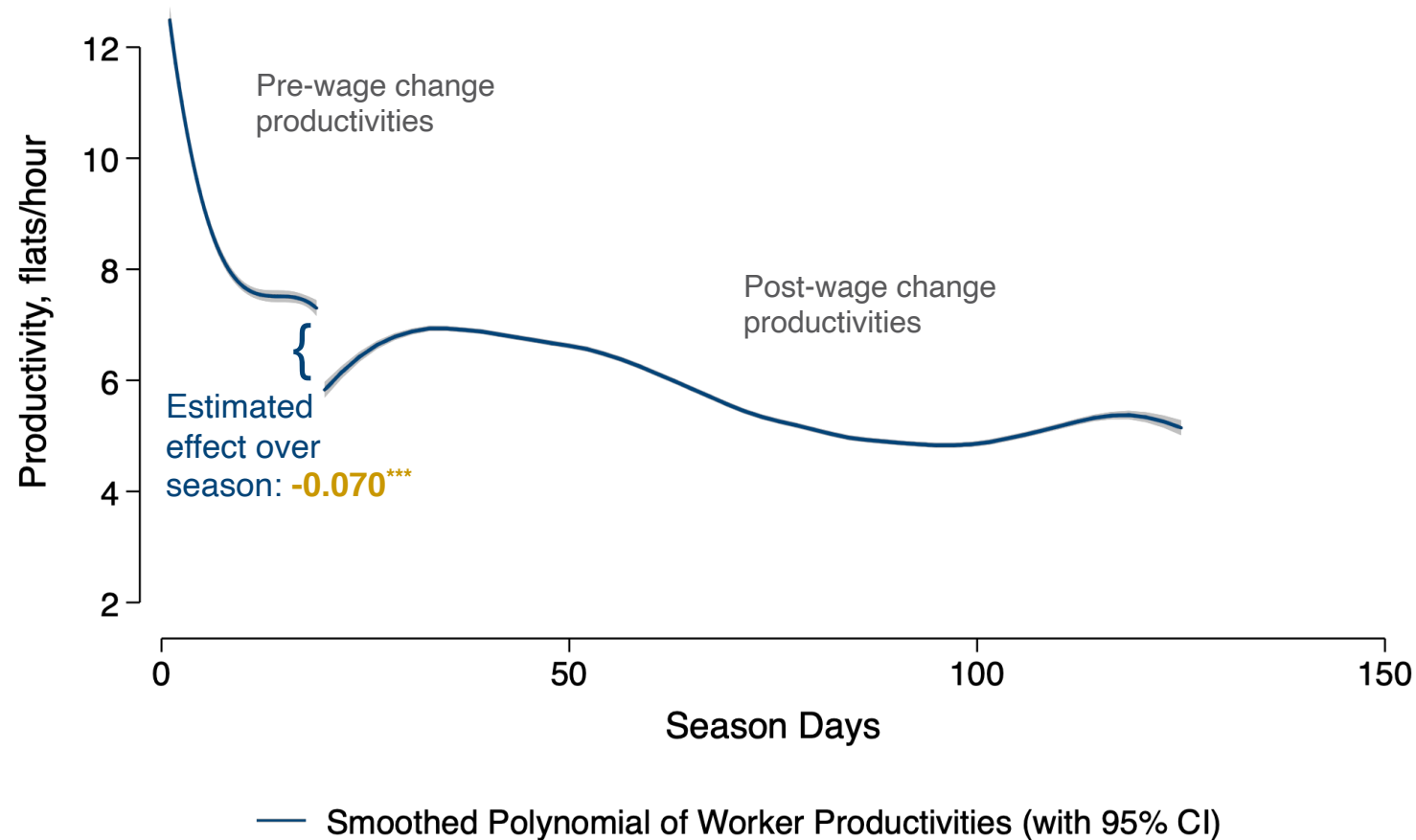


# Farmworker Productivity and Performance

Employer Offering	Effect on Productivity (speed)	Effect on Quality
Increase Piece Rate Wages	+	-
Increase Hourly Base	-	?
Increase Daily Hours	-	?
Offer Bonuses	+	+
Avoid Working in Extreme Temperatures	+	?
Offer non-monetary benefits	?	?
Offer training programs	?	+
Improve workplace equity	+	+
Performance Feedback	+	?
Social Recognition	+	?



# Farmworker Productivity: Increase in Hourly Base Rate



# Farmworker Productivity: Increase in Piece Rate

Study Subjects	Authors & Year	Piece Rate – Productivity Effect
<b>Increase in Piece Rate</b>		
Tree planters in BC	Paarsch & Shearer (1999)	<b>2.14</b>
Blueberry Harvesters in US	Stevens (2017)	<b>0 – 1.6</b>
Strawberry Harvesters in US	Hill (2019)	<b>1.2 – 1.6</b>
Logging Company in US	Haley (2003)	<b>1.51</b>
<b>Piece Rate VS Hourly</b>		
Car Windshield Repairs in US	Lazear (2000)	<b>1.50</b>
Fruit Harvesters in US	Bandiera et al. (2005)	<b>1.08 – 1.6</b>





# Worker Productivity: Monetary vs. Recognition

Intervention	n	O.B. Mod.	Baseline Performance		Performance after Intervention			Adjusted Values <sup>a</sup>		After-Intervention Mean minus Baseline Mean	Performance Improvement <sup>b</sup>
			Mean	s.d.	Mean	s.d.	s.e.	s.d.	s.e.		
Money	50	No	163,157	64,622	181,272	52,602	9,018			18,115	11
Money	43	Yes	132,147	50,713	174,056	61,449	9,371	58,614	8,939	41,908	31.7
Social	50	Yes	106,911	55,519	132,635	91,262	12,906	75,861	10,728	25,724	24
Feedback	39	Yes	107,916	68,036	129,195	79,898	12,794	62,517	10,011	21,279	20

Source: Stajkovic & Luthens (2001). Differential Effects of Incentive Motivators on Work Performance. *Academy of Management Journal* 44(3).



# Worker Productivity: Recognition Caveats



There is mixed evidence on the effects of employee reward systems, but generally:

- Rewards structured so that every employee, at some point, gets recognized are not effective
- Employee award systems with loopholes are not effective – e.g. employee attendance awards can increase use of sick days
- Tenure-based awards are generally ineffective
- Awards that contribute to building a “recognition-rich culture” can increase productivity and decrease turnover



# Effects of Employer Offerings on Retention and Productivity

Employer Offering	Effect on Productivity (speed)	Effect on Quality	Effect on Season Tenure	Effect on Return Rates
Increase Piece Rate Wages	+	-	+	+
Increase Hourly Base	-	?	+	+
Increase Daily Hours	-	?	+	+
Avoid Working in Extreme Temperatures	+	?	+	?
Offer non-monetary benefits	?	?	+/none	?
Offer training programs	?	+	-/+	-/+
Improve workplace equity	+	+	+	+
Payment Scheme:				
Hourly	-	+	?	?
Piece Rate	+	-	?	?
Mixed	+	?	?	?
Bonuses	+	+	+	+





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